

DURHAM COUNTY COUNCIL

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

At a Meeting of **Central Durham Crematorium Joint Committee** held in **Committee Room 1A, County Hall, Durham** on **Wednesday 21 January 2015** at **2.00 pm**

Present:

Councillor M Plews (Chairman)

Durham County Council:

Councillors J Chaplow, P Conway, K Corrigan, N Foster, M Simmons and K Thompson

Spennymoor Town Council:

Town Councillors JV Graham (Vice-Chairman), I Harrington and GD O'Hehir

1 Apologies for Absence

Apologies for absence were received from Councillors D Bell, A Bonner, J Buckham, B Moir and D Stoker.

2 Minutes

The Minutes of the meeting held 24 September 2014 were approved as a correct record and signed by the Chairman.

3 Declarations of Interest

There were no Declarations of Interest.

4 Quarterly Performance and Operational Report

The Bereavement Services Manager, Graham Harrison asked Members to note the performance figures from 1 September 2014 to 31 December 2014 and the comparison to the same period for 2013, highlighting that there was a net increase of 5 cremations. It was noted there was a total of 737 for the three month period with the September to December profile breakdown showing 210 from Durham, 36 from Spennymoor and 489 from outside of the area. Members noted that the initial 2014/15 income budget estimate was 2,200, with current estimates based on the first 9 months of the year being for an outturn position of 2,144 cremations which would be 56 less than budget and an underachievement of cremation fee income of £35,280.

Members were asked to note that the number of memorials sold had decreased in comparison to the same period the previous year, with sales being £12,520 less than the comparable period last year. It was added that the figure from the previous year coincided with a large number of renewals, therefore a year on year comparison was not appropriate.

It was explained that the Business Administration Apprentice had continued to work well with the team and had proved to be a valuable asset to the Crematorium. Members noted that the two year fixed term contract for the apprentice position was due to come to an end on 15 September 2015 and Members were asked whether they would wish for either: a full-time Technical Assistant post to be created at the Crematorium, incurring an additional cost of £10,000 per year; or that an advert be placed for a replacement Business Administration Apprentice for when the current post ends in September 2015. Members noted that the recommendation was to create a full-time Technical Assistant.

The Joint Committee was informed that, in line with previous years, a joint application with the South Road Cemetery would be submitted to retain the Green Flag status and that the Recycling of Metals Scheme had generated a sum of £3,333 for St. Cuthbert's Hospice. The Bereavement Services Manager also explained that the Christmas Tree provided by St. Cuthbert's Hospice had been very popular and St. Cuthbert's had asked if they could provide a tree for Christmas 2015, at no cost to the Crematorium, and no other organisation had requested to place a tree.

The Bereavement Services Manager confirmed that Phase 1 works had been completed ahead of schedule on 3 November 2014 and the overall works remain on budget. It was noted that Phase 2 works began on 15 November 2014, with a turf-cutting ceremony with the Chairman and Vice-Chairman of the Joint Committee held on 25 November 2015, which was also an opportunity to officially open Phase 1.

The Joint Committee noted that the new cremators as supplied by IFZW had been in-situ since May 2012 and monitoring of the energy use had shown that the cremators had continued to run more efficiently with an associated reduction in gas consumption as they bedded in and staff become more proficient in their usage.

Members asked questions in relation to whether the apprentice position should be retained and, if the Technical Assistant post was created, whether the position would be subject to open competition. The Bereavement Services Manager noted that should Members agree to the Technical Assistant being created, it would be advertised internally at both Durham County Council and Spennymoor Town Council. Councillor K Thompson suggest the apprentice position should be retained, the remaining Members agreed that a Technical Assistant Post be created.

Resolved:

- (i) That the current performance of the Crematorium and monitoring against budget be noted.

- (ii) That a full-time Technical Assistant post be created from September 2015.
- (iii) That the application for the 2015 Green Flag Award be noted.
- (iv) That the distribution of recycling income to respective charities be noted.
- (v) That St. Cuthbert's Hospice be allowed to supply a charity Christmas Tree for 2015.
- (vi) That the progress with Phase 2 works at the Crematorium be noted.
- (vii) That the gas and energy usage performance of the three cremators be noted.

5 Financial Monitoring Report - Spend to 31/12/14 and Projected Outturn to 31/03/15

The Head of Finance - Financial Services, Paul Darby referred Members to Financial Monitoring Report, as set out in the usual format, for the period to 31 December 2014 and with projected outturn to 31 March 2015 (for copy see file of minutes).

The Joint Committee noted that the income and expenditure were broadly in line with the budget, though as mentioned in the previous report the reduced number of cremations had impacted upon income. It was explained that the reasons for the major variances were set out in detail in the report, and Councillors were reminded of the decision to use reserves to be able to quickly progress the Crematorium improvement works in year.

Members noted a projected total reserve of approximately £1.28 Million at the year-end, giving a strong financial position. The Head of Finance – Financial Services noted that once the improvement works had been completed, then reserves would built up steadily, ready for further cremator replacement in 10-15 years at the end of the life-cycle of the current equipment. It was added that there was a rebate from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) scheme, now built into the forecast moving forward but Finance Staff were in dialogue with CAMEO as regards the initial figure quoted which we expected to increase.

Councillor P Conway asked whether the premises overspend would be lower next year. The Head of Finance – Financial Services noted that the overspend was a effectively a “one-off”, though the 2016/17 budget would still retain scope to accommodate one-off expenditure.

Resolved:

- (i) That the April to December 2014 Revenue Spend Financial Monitoring Report and associated Provision Outturn position at 31 March 2015 be noted.
- (ii) That the projected year end Earmarked and General Reserve balances as at 31 March 2015.

6 Annual Review of the System of Internal Audit

The Head of Finance - Financial Services noted that it was a requirement for the body that reviews the accounts to also have a review of the effectiveness of Internal Audit (for copy see file of minutes).

Members noted that part of the role of Durham County Council's Audit Committee was to scrutinise the performance and effectiveness of Internal Audit. It was explained that this, and the work of External Auditors, provided assurance to the Joint Committee that the work carried out by Internal Audit was in line with best practice and the latest audit standards.

The Head of Finance - Financial Services explained that Appendix 3 to the report set out the main outcomes from the review and the resultant improvement plan. Members were reminded that the review feeds into the Annual Governance Statement and Statement of Accounts.

Resolved:

- (i) That the information demonstrating the efficiency and effectiveness of the Durham County Council Internal Audit Service be noted.
- (ii) That the actions to further improve the service during 2014/15 be noted.

7 Local Audit and Accountability Act 2014 - Changes to Audit Requirements for Joint Committees

The Head of Finance - Financial Services noted a letter had been received from the Department of Communities and Local Government (DCLG) in December 2014, which noted changes to Audit requirements for Joint Committees from 2015/16 onwards (for copy see file of minutes).

Councillors were reminded that prior to 2010/11 the Joint Committee was required to produce a fully CODE/SORP compliant Statement of Account, under the Accounts and Audit Regulations 2003. Members recalled that in 2011, revisions made by the DCLG meant that the Central Durham Crematorium Joint Committee was classified as a "Small Body" and therefore was not required to produce a fully CODE/SORP compliant set of accounts, rather simply to produce a simpler "Small Bodies Annual Return". It was added that the Joint Committee had previously agreed to continue to produce the Statement of Accounts in line with current CIPFA codes, beyond the level required for a Small Bodies Return, to further evidence the financial position of the Joint Committee.

The Head of Finance - Financial Services explained that the letter from DCLG set out that, from 1 April 2015, Joint Committees would be no longer required to have their accounts audited but they could continue to do so if they wished.

Members noted that it was proposed that for the financial year 2014/15 that the production of a full Statement of Accounts be discontinued and that it was proposed that the Statutory Annual Return would be supplemented with Balance Sheet information instead, the first such report would be presented for Members' consideration at the meeting in June 2015. It was added that the Service Level Agreement (SLA) for support services would have an appropriate reduction in finance staff time in relation to producing the accounts.

The Joint Committee noted that it was proposed that the use of External Auditors be continued, to provide additional assurance, and Officers were awaiting guidance from the National Audit Office in respect of the process for appointing External Auditors under the new provisions. The costs of External Audit were circa £2,000.

Resolved:

- (i) That the changes to Audit Requirements that come into effect from 1 April 2015 be noted.
- (ii) That the discontinuation of the full Statement of Accounts element for the 2014/15 financial year be agreed.
- (iii) That the continued separate audit arrangements following the 2014/15 audit, in order to ensure a continued effective financial and governance framework be agreed, based upon the continued preparation of the Small Bodies Annual Return and reporting of the Balance Sheet information within a supporting outturn report in June each year.
- (iv) That the publication of Audit Appointment guidance in forthcoming weeks be noted and that the appointment of an independent External Auditor in line with that guidance be agreed.

8 Provision of Support Services 2015/16

The Head of Finance - Financial Services referred Members to the report setting out the proposed Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Central Durham Crematorium Joint Committee for 2015/16 (for copy see file of minutes).

Councillors were reminded that the SLA had been in place for a few years, following previous External Audit recommendations, and set out the support services provided to the Joint Committee by Durham County Council including:

- Management Services
- Financial Services
- Administration Services
- Payroll Services
- Human Resources Services.

It was noted that the breakdown of services provided and costs were set out within the report, with revised costs set out in respect of preparation of the Statement of Accounts, as noted at the previous item. Councillors were reminded that the SLA is reviewed and updated annually.

Resolved:

That the Service Level Agreement for the provision of Support Services to the Joint Committee for the year 2015/16 be approved.

9 Fees and Charges 2015/16

The Head of Finance - Financial Services referred Members to Fees and Charges 2015/16 report (for copy see file of minutes).

Members recalled that last year it had been agreed by the Joint Committee to raise the adult cremation fee to be in line with the average charges levied by other facilities in the region. It was explained that as improvement works were ongoing and that these included substantial works to the Chapel area during the summer months, it was proposed that the fees be held at a standstill position for 2015/16 while works were being carried out. It was added that the fee for child cremations remained as a nil charge and also there would be no increase in respect of the fee for the Book of Remembrance.

Resolved:

- (i) That the proposed fees and charges, which seek to maintain charges at existing levels, be approved and be effective from 1 April 2015.
- (ii) That the approved fees and charges be incorporated into the 2015/16 Budget.

10 2015/16 Revenue and Capital Budgets

The Joint Committee considered a report of the Corporate Director Neighbourhood Services and Corporate Director Resources / Treasurer to the Joint Committee which set out for Members' consideration proposals with regards to the 2015/16 Revenue and Capital Budgets for the Central Durham Crematorium (for copy see file of minutes).

The Head of Finance - Financial Services advised that the changes in comparison to the 2014/15 budget were set out within the report and noted that the standstill positions in relation to the SLA and Fee and Charges as agreed at the previous items were incorporated. It was explained that the income projection was prudent, to reflect any potential disruption due to ongoing improvement works, and noting that reserves would be used as agreed to complete the works, with the reserves to then be allowed to build back up to levels in readiness for the next cycle of cremator replacement.

The Joint Committee were reminded that the distribution of surplus to the constituent Authorities remained the same in 2015/16 and that there had been a movement of funds into the general reserve to maintain a level of 30% of the gross income budget in line with the reserves policy agreed by the Joint Committee.

A question was raised as regards whether the proposed distribution of surplus to the authorities could safely be factored into Medium Term Financial Plan (MTFP) considerations. The Head of Finance - Financial Services noted that the distribution of surplus to Durham County Council had been factored into its MTFP and therefore Spennymoor Town Council could be assured that its distribution could be factored into budget considerations for 2015/16 and beyond.

Resolved:

- (i) That the Joint Committee note and approve the revenue and capital budget proposals contained within the report.
- (ii) That the forecast level of reserves and balances at 31 March 2016 be noted.